

ORIGINAL

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THE ANNEXED INSTRUMENT IS A
CORRECT COPY OF THE ORIGINAL
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ATTEST: CERTIFIED

JUL 17 2001

GORDON PARK-LI, Clerk
San Francisco County Superior Court
by Daniel Lemire DEPUTY CLERK

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN FRANCISCO

FILED
San Francisco County Superior Court

JUL 17 2001

GORDON PARK-LI, Clerk
BY: [Signature] Deputy Clerk



INSURANCE COMMISSIONER OF THE STATE
OF CALIFORNIA,

Applicant,

v.

SABLE INSURANCE COMPANY, a California
domiciled company,

Respondent.

321201

**ORDER APPOINTING
INSURANCE
COMMISSIONER AS
LIQUIDATOR, AND
RESTRAINING ORDERS**

[Proposed]

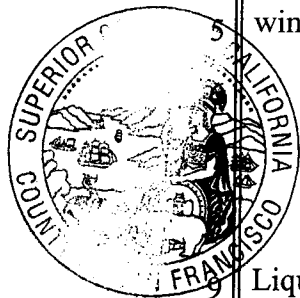
Date: July 16, 2001
Time: 9:30 a.m.
Dept: 301
Judge: David A. Garcia
Action Filed: May 10, 2001

The Verified Application of the Insurance Commissioner for an Order appointing him as Liquidator, and Restraining Orders, regarding Respondent Sable Insurance Company, came on regularly for hearing before the Honorable David A. Garcia on July 16, 2001, in Department 301 of this Court. Deputy Attorney General Marguerite C. Stricklin previously appeared on behalf of Applicant Insurance Commissioner (hereinafter the "Commissioner"). No appearance was made on behalf of Respondent Sable Insurance Company (hereinafter "Respondent"), and no opposition to the application was filed.

The Court has reviewed the verified application and all accompanying papers submitted by the Commissioner in support of his application, and makes the following findings:

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ORDER APPOINTING COMMISSIONER AS LIQUIDATOR



1. Respondent is insolvent.
2. It would be futile for the Commissioner to continue to proceed as Conservator of Respondent.
3. There exists sufficient factual and legal grounds for the Commissioner to liquidate and wind up the business of Respondent in a manner consistent with the provisions of this Order.

Based on these findings, and good cause appearing therefore,

IT IS ORDERED THAT:

1. The Commissioner's status as Conservator is terminated, and he is appointed as Liquidator of Respondent, as set forth in Insurance Code section 1016. The Commissioner as Liquidator is directed to liquidate and wind up the business of Respondent and to act in all ways and exercise all powers necessary for the purpose of carrying out such order.

2. The Commissioner as Liquidator is vested with title in and to all the records, property (real and personal, whether owned, leased, rented, or utilized by Respondent under any contract or assignment) and assets (including rights under any license or other arrangement for the use of computer software and/or business information systems) of Respondent currently in the possession of the Commissioner as Conservator, as well as any records, property, and assets of Respondent discovered or obtained hereafter wheresoever such assets may be situated.

3. The Commissioner as Liquidator is directed to honor as expenses of administration all administrative expenses heretofore incurred and approved by the Commissioner as Conservator and presently unpaid.

4. The Commissioner as Liquidator is authorized to take possession of all the assets of Respondent including books, records and property, both real and personal, wheresoever situated.

5. The Commissioner as Liquidator or his successor in office is vested with title to all said property and assets of Respondent, both those presently in Respondent's possession and those which may be discovered hereafter, wheresoever situated. All persons are enjoined from interfering with the Commissioner's possession and title thereto.

6. The Commissioner as Liquidator is authorized to pay for his costs in bringing and maintaining this action, and such other actions as are necessary to carry out his functions as

1 Liquidator, out of the funds and assets of Respondent; and if there are insufficient funds, to pay for
2 his costs out of the Insurance Fund, pursuant to Insurance Code section 1035.

3 7. The Commissioner as Liquidator is authorized to initiate such equitable or legal actions
4 or proceedings in this or other states as may appear to him necessary to carry out his functions as
5 Liquidator.

6 8. The Commissioner as Liquidator is authorized to appoint and employ special deputies,
7 estate managers, other professionals, clerks and assistants and to give each of them such power and
8 authority as he may deem necessary, and the Commissioner as Liquidator is authorized to
9 compensate these persons from the assets of Respondent as he may deem appropriate.

10 9. The Commissioner as Liquidator is authorized to divert, take possession of and secure
11 all mail of Respondent, in order to screen such mail, and to effect a change in the rights to use any
12 and all post office boxes and other mail collection facilities used by Respondent.

13 10. The Commissioner as Liquidator is authorized to pay all reasonable costs of operating
14 Respondent (including direct and allocated direct costs, direct and allocated general and
15 administrative costs and overhead, and other allocated costs) out of funds and assets of Respondent;
16 and if there are insufficient funds, to pay for his costs out of the Insurance Fund, pursuant to
17 Insurance Code section 1035.

18 11. The Commissioner as Liquidator is authorized to invest those assets of Respondent's
19 that are not immediately distributable to Respondent's creditors in such a manner as to him may
20 seem suitable for the best interest of Respondent's creditors; provided however, that no investment
21 or reinvestment shall be made which exceeds the sum of \$100,000.00 without first obtaining
22 permission of the Court.

23 12. The Commissioner as Liquidator is authorized, pursuant to Insurance Code section
24 1037(g), to invest and reinvest all assets in a manner he deems to be in the best interest of the
25 creditors of the estate, including investing and reinvesting assets through an investment pool
26 consisting exclusively of assets from conserved estates. To the extent that the Commissioner as
27 Liquidator invests and reinvests through such an investment pool, such investments and re-
28 investments may exceed \$100,000.00.



1 13. The Commissioner as Liquidator is authorized to pay as expenses of administration
2 all expenses heretofore incurred by the Commissioner as Conservator which are presently unpaid,
3 and the Commissioner as Liquidator is authorized to pay, upon presentation, the full amount of any
4 checks or drafts which have been issued by him, in his capacity as Conservator, and which are
5 outstanding.

6 14. The Commissioner as Liquidator is authorized, pursuant to Insurance Code section
7 1037, subsection (d), to dispose of any excess property of Respondent by any commercially
8 reasonable method, including, but not limited to, sales at public auctions, sales in bulk to the high
bidder (provided at least three (3) bids are obtained from independent dealers in the kind of property
sold).

9 15. The Commissioner as Liquidator is authorized to assume or reject, or to modify, any
10 executory contracts, including without limitation, any lease, rental or utilization contract or
11 agreement(including any schedule to any such contract or agreement), and any license or other
12 arrangement for the use of computer software of business information systems, to which Respondent
13 is a party or as to which Respondent agrees to accept an assignment of such contract; the
14 Commissioner as Liquidator is directed to effect any such assumption or rejection or modification
15 of any executory contract not later than within 120 days after the entry of this order, unless such date
16 is extended by application to and further order of this Court; all executory contracts that are not
17 expressly assumed by the Commissioner as Liquidator shall be deemed rejected; any party to a
18 contract that is rejected by the Commissioner as Liquidator pursuant to this order shall be permitted
19 to file a proof of claim against the liquidation estate, which claim shall be treated in accordance with
20 Insurance Code section 1010, *et seq.*

21 16. Respondent and all former and present officers, directors, agents, and employees of
22 Respondent are directed to deliver to the Commissioner as Liquidator all assets, books, records,
23 equipment, and other property of the Respondent wheresoever situated.

24 17. All funds and assets, including certificates of deposit, bank deposits and mutual fund
25 shares, of Respondent, in various financial depository institutions, including banks, savings and loan
26 associations, industrial loan companies, mutual funds or stock brokerages, wheresoever situated, are
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1 directed to be vested in the Commissioner as Liquidator and subject to withdrawal upon his order
2 only.

3 18. All persons who maintain records for Respondent are directed, pursuant to written
4 contract or any other agreement, to maintain such records and to deliver them to the Commissioner
5 as Liquidator upon his request.

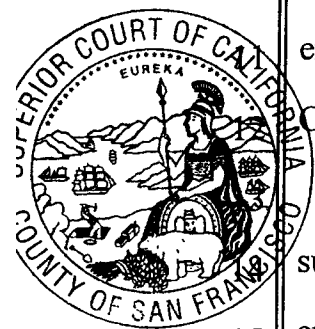
6 19. All agents of Respondent and all brokers who have done business with Respondent
7 are directed to make remittances of all funds collected by them or in their hands directly to the
8 Commissioner as Liquidator. This obligation to remit collected funds is continuing in nature.

9 20. All persons having possession of any lists of policyholders or escrow holders of
10 Respondent are directed to deliver all such lists to the Commissioner as Liquidator. All persons are
enjoined from using any such lists or any information contained therein without the consent of the
Commissioner as Liquidator.

21 21. Respondent and its respective officers, directors, agents, servants, employees,
successors, assigns, affiliates, and other persons or entities under their control and all persons or
15 entities in active concert or participation with them, and each of them, are directed to turn over to
16 the Commissioner as Liquidator records, documentation, charts and/or descriptive material of all
17 funds, assets, property (owned beneficially or otherwise), and all other assets of Respondent
18 wherever situated, and all books and records of accounts, title documents and other documents in
19 their possession or under their control, which relate, directly or indirectly, to assets or property
20 owned by or held by Respondent or to the business or operations of Respondent.

21 22. All insurance policies issued by Respondent shall be terminated and canceled effective
22 thirty (30) days following the issuance of the order herein prayed for, and the Commissioner as
23 Liquidator shall notify promptly all policyholders of such policy termination and cancellation by
24 First Class Mail at the last known address of the policyholders; in addition, the Commissioner as
25 Liquidator, in his sole discretion, is authorized to terminate and cancel any policies issued by
26 Respondent that are not covered by the preceding sentence or that were issued by a fronting insurer
27 and reinsured, in whole or in part, by Respondent.

28 23. All prior injunctions and other orders of this Court, except to the extent expressly



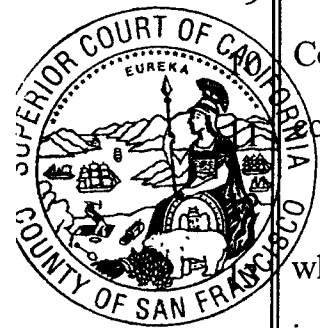
1 modified herein, are reaffirmed and remain in full force and effect; all powers and authority granted
2 to the Commissioner as Liquidator under this order are in addition to and not in limitation of the
3 powers of the Commissioner as Liquidator under the Insurance Code and any other statutory or
4 applicable case law.

5 24. The rights and liabilities of claimants, creditors, shareholders, policyholders, escrow
6 holders and all other persons interested in the assets of Respondent, including the State of California,
7 are fixed as of the date of the entry of this order.

8 25. All funds and accounts in the name of Respondent, or the Commissioner as
9 Conservator, in various banks or any other institutions wheresoever situated is vested in the
Commissioner as Liquidator and subject to withdrawal at his direction only. This order does not
convert funds held in a fiduciary capacity to general assets of the Liquidator.

10 26. All persons are enjoined, except with leave of this Court issued after a hearing in
11 which the Commissioner as Liquidator has received reasonable notice, from obtaining preferences,
12 judgments, attachments or other liens, or making any levy against Respondent or its assets or
13 property, and from executing or issuing or causing the execution or issuance of any court attachment,
14 subpoena, replevin, levy, execution, or other process for the purpose of impounding or taking
15 possession of or interfering with or creating or enforcing a lien upon any property or assets owned
16 or in the possession of Respondent or its affiliates, or the Liquidator appointed herein, wheresoever
17 situated and from doing any act interfering with the conduct of said business by the Commissioner
18 as Liquidator.
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21 27. All persons are enjoined, except by leave of this Court obtained after reasonable notice
22 to the Commissioner as Liquidator, from accelerating the due date of any obligation or claimed
23 obligation; exercising any right of set-off; taking, retaining, retaking or attempting to retake
24 possession of any real or personal property; withholding or diverting any rent or other obligation;
25 doing any act or other thing whatsoever to interfere with the possession of or management by the
26 Commissioner as Liquidator and of the property and assets, owned or controlled by Respondent or
27 in the possession of Respondent or to in any way interfere with said Commissioner as Liquidator or
28 to interfere in any manner during the pendency of this proceeding with the exclusive jurisdiction of



1 this Court over Respondent.

2 28. Respondent, its officers, directors, governors, agents, and employees are enjoined
3 from transacting any of the business of Respondent, whether in the State of California or elsewhere,
4 or from disposing of, or assisting any person in the transfer or alienation of, the property or assets
5 of Respondent, until further order of this Court.

6 29. All persons are enjoined from instituting, prosecuting or maintaining any action at law
7 or suit in equity, including but not limited to actions or proceedings to compel discovery or
8 production of documents or testimony and matters in arbitration, against Respondent or against the
9 Commissioner as Liquidator of Respondent, and from attaching, executing foreclosure upon,
10 redeeming of or taking any other legal proceedings against, any of the property or assets of
11 Respondent, and from doing any act interfering with the conduct of said business by the
12 Commissioner as Liquidator, except upon order from this Court obtained after reasonable notice to
13 the Commissioner as Liquidator.

14 30. Any and all provisions of any agreement entered into by and between any third party
15 and Respondent including, by way of illustration, but not limited to, the following types of
16 agreements (as well as any amendments, assignments, or modifications thereto): financial guarantee
17 bonds, promissory notes, loan agreements, security agreements, deeds of trust, mortgages,
18 indemnification agreements, subrogation agreements, subordination agreements, pledge agreements,
19 assignments of rents or other collateral, financial statements, letters of credit, leases, insurance
20 policies, guaranties, escrow agreements, management agreements, real estate brokerage and rental
21 agreements, servicing agreements, attorney agreements, consulting agreements, easement
22 agreements, license agreements, franchise agreements, or employment contracts that provide in any
23 manner that selection, appointment or retention of a conservator, or liquidator or trustee by any
24 court, or entry of an order such as hereby made, shall be deemed to be or otherwise operate as a
25 breach, violation, event of default, termination, event of dissolution, event of acceleration,
26 insolvency, bankruptcy, or liquidation, shall be stayed, and the assertion of any and all rights,
27 remedies relating thereto shall also be stayed and barred, except as otherwise ordered by this Court,
28 and this Court shall retain jurisdiction over any cause of action that has arisen or may otherwise arise



1 under any such provision.

2 31. All persons are enjoined from interfering with the possession, title and rights of the
3 Commissioner as Liquidator, in and to the assets of Respondent, and from interfering with the
4 conduct of the Commissioner as Liquidator in the handling and disposition of assets of Respondent,
5 and from interfering with the conduct of the liquidation and the winding up of the business of
6 Respondent, except upon order of this Court obtained after reasonable notice to the Commissioner
7 as Liquidator.

8 32. All persons are enjoined from wasting the assets of Respondent.

9 33. Any and all claims against Respondent (except those policyholder claims already
10 pending against Respondent, which are deemed filed), including those which in any way affect or
11 seek to affect any of the assets of Respondent, wherever or however such assets may be owned or
12 held, must be filed by no later than June 30, 2002 (the "Claims Bar Date"), together with proper
13 proof thereof, in accordance with the provisions of Insurance Code sections 1010, *et seq.*, including,
14 but not limited to section 1023, and any claims not filed by the Claims Bar Date is conclusively
15 deemed forever waived.

16 Dated:

7/17/01

17 
JUDGE OF THE SUPERIOR COURT

